

## Message Text

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73

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

SWF-01 /086 W

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R 131812Z DEC 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6825

INFO AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

C O N F I D E N T I A L BONN 19238

DEPARTMENT PASS AGRICULTURE FOR GOODMAN

E.O. 11652: GDS

TAGS: EAGR, GW

SUBJECT: THE IMPACT OF THE LATEST INCREASES IN SUPPLEMENTAL LEVIES ON U.S. POULTRY EXPORTS TO GERMANY

1. AT THE POULTRY MANAGEMENT COMMITTEE MEETING IN BRUSSELS ON 10 DEC. 1974, SUPPLEMENTAL LEVY INCREASES (EFFECTIVE 15 DEC. 1974) WERE MADE FOR THE FOLLOWING IMPORTANT U.S. EXPORT PRODUCTS TO GERMANY:

A. DEBONED POULTRY MEAT: FROM 0.0 U.A./100 KG TO 50.0 U.A./100 KG (DM 0.00/100 KG TO DM 161.0/100 KG)

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B. TURKEY DRUMSTICKS: FROM 20.0 U.A./100 KG TO 30.0

U.A./100 KG (DM 64.40/100 KG TO DM 96.60/100 KG)

2. THERE WAS NO INCREASE IN THE LEVIES ON THIGHS WHERE EXPORTS WERE ALREADY CRIPPLED BY EARLIER INCREASES IN THE SUPPLEMENTAL LEVY. IN 1973, GERMANY IMPORTED 5787 M.T. OF DRUMSTICKS AND 2693 M.T. OF THIGHS.

3. GERMAN TRADE SOURCES FEEL THAT THE 10 DECEMBER INCREASES IN SUPPLEMENTAL LEVIES WILL EFFECTIVELY FINISH OFF THE U.S. ABILITY TO COMPETE IN THE GERMAN MARKET FOR DEBONED POULTRY MEAT AND TURKEY DRUMSTICKS.

4. COMMENT: ON THE DAY BEFORE THE POULTRY MANAGEMENT COMMITTEE MEETING, WE CALLED ON OFFICIALS AT MINAG TO DISCUSS THE UPCOMING MEETING. WE ALSO REVIEWED WITH MINAG THE ALREADY DETRIMENTAL IMPACT ON U.S. TURKEY EXPORTS OF THE STEP-BY-STEP SUPPLEMENTAL LEVY INCREASES. MINAG OFFICIALS AT FIRST CONTENDED THAT THE SITUATION WAS DUE TO THE ALLEDGED GENERAL DOWNTURN AND MALAISE OF THE POULTRY MARKET. HOWEVER, MINAG TENDED TO AGREE WITH OUR EVALUATION THAT U.S. TURKEY IMPORTS WOULD BE DOWN BY ONE-HALF OR ABOUT 3300 M.T. IN THE LAST HALF OF 1974 COMPARED TO YEAR EARLIER LEVELS. THERE IS NO DOUBT THAT THE ACTIONS TAKEN SINCE AUGUST 1, 1974 TO INCREASE THE GATE PRICE AND THE SUBSEQUENT ACTIONS TO INCREASE SUPPLEMENTAL LEVIES WERE DESIGNED TO EFFECTIVELY HALT THE IMPORTS OF U.S. TURKEYS INTO GERMANY. A CONTINUATION OF THIS PROGRAM BY THE COMMUNITY TO MOVE SUPPLEMENTAL LEVIES UP TO THE LEVEL OF THE INCREASE IN THE GATE PRICES WILL EFFECTIVELY REDUCE THE REMAINING MARKET FOR U.S. POULTRY MEAT TO A TOKEN LEVEL. PERHAPS THE LATEST INCREASE IS ALREADY ENOUGH TO ACCOMPLISH THAT OBJECTIVE. SOME ARRANGEMENT REGARDING THE SUPPLEMENTAL LEVY WILL BE REQUIRED IF WE ARE TO CONTINUE TO BE A FACTOR IN THE WEST GERMAN POULTRY MARKET. WE SENSE HERE A FEELING THAT MINAG WILL NOT TAKE ANY ACTION TO HALT THIS INCREASE IN SUPPLEMENTAL LEVIES WHICH HAS REPORTEDLY BEEN PUSHED BY THE DUTCH AND FRENCH. HOWEVER, MINAG PRIVATELY INDICATED CONCERN OVER THE DRASTIC REDUCTION IN U.S. POULTRY MEAT EXPORTS TO GERMANY, AND WE BELIEVE WOULD NOT OPPOSE

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AN ARRANGEMENT WHICH WOULD MAINTAIN COMMERCIALY VIABLE U.S. EXPORTS OF POULTRY MEAT TO WEST GERMANY.  
HILLENBRAND

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## Message Attributes

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